

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 /020 W
-----098254 080745Z /14

R 071457Z JUL 77

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 4284

INFO AMEMBASSY BERLIN

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE SECTION 1 OF 3 BUCHAREST 5069

E.O. 11652: N/A

TAGS: ECON, ETRD, ECKE, EEW, US, RO

SUBJECT: BEWT STUDY OF ON-SITE PERSONNEL PROBLEMS OF U.S. FIRMS
IN EASTERN EUROPE

REF: STATE 127591

1. EMBASSY DISCUSSED REFTEL QUESTIONNAIRE WITH REPRESENTATIVE
OF THREE FIRMS, PAN AMERICAN (PA), MANUFACTURERS HANOVER TRUST
(MHT), AND CONTROL DATA(CDC). EACH OF THESE ARE IN ROMANIA
UNDER UNIQUE AUSPICES. COMPANY OFFICIALS ASKED THAT DUE TO
PROPRIETARY NATURE, ANSWERS WHICH FOLLOW BE AGGREGATED IN GENERAL
REPORT AND THAT THERE BE NO IDENTIFIABLE REFERENCE TO THEIR
COMPANY.

2. FOR ADDITIONAL INFORMATION FROM OTHER U.S. FIRMS HAVING ON-SITE
EXPERIENCE IN ROMANIA, BASED ON PAST OR PRESENT CONTRACTS, WE
SUGGEST BEWT CONTACT FOLLOWING DIRECTLY:

(A) MR. G.H. THOMAS

VICE PRESIDENT

THE OFF-SHORE CO.

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P.O. BOX 765

HOUSTON, TEXAS 77001

TEL: 622-5670

(B) MR. JOHN JENKS

US STEEL CORP.

600 GRANT STREET

PITTSBURG, PA. 15330

(C) MR. MICHOLAS OSSIPOFF
MARKETING MANGER
CORNING CLASS INTERNATIONAL S.A.
251, BOULEVARD REREIRE
75017 IXFIS, FRANCE
TELEX 660 310
(D) MR. OZ PARRINE
GENERAL TIRE INTERNATIONAL CO.
AKRON, OHIO 44309
(E) M. FRANK SMITH
ROLLWAY BEARING INTERNATIONAL, INC.
P.O. BOX 5120
SYRACUSE, NEW YORK 13250
TEL: 315-451-3340

3. REPLIES TO QUESTIONNAIRE FOLLOW:

(A) NATURE AND VALUE OF CONTRACT: PA - BILATERAL
AIR AGREEMENT.
MHT - AGREEMENT TO OPEN BRANCH BANK IN BUCHAREST.
CDC- JOINT VENTURE WITH CENTRAL FOR COMPUTING AND
ELECTRONIC TECHNICAL EQUIPMENT (CIETC), TOTAL INVESTMENT
\$6 MILLION.
(B) CONTRACTING PARTY EASTER SIDE: PA - GOVERNMENT TO
GOVERNMENT AGREEMENT.
MHT - ROMANIAN BANK FOR FOREIGN TRADE (RBFT).
CDC - CIETC (INDUSTRIAL CENTRAL)
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(C) NO. OF PERSONS ON-SITE: PA - VARIES FROM 1 TO 2.
MHT - 2
CDC - FIRST STATE, 5; SECOND STATE, 2.
(D) LENGTH OF TIME AND WHERE: PA - 3 YEARS, BUCHAREST.
MHT - 3 TO 5 YEARS, BUCHAREST.
CDC - 2 YEARS, BUCHAREST.
(E) FUNCTION PERFORMED: PA - DIRECTOR OF ROMANIAN OFFICE
AND A MANAGER OF MAINTENANCE PROGRAM.
MHT - MANAGE BUCHAREST BRANCH BANK.
CDC - LINE MANAGEMENT OF JOINT VENTURE AT DIRECTOR LEVEL
FOR MANUFACTURING, QUALITY ASSURANCE, ENGINEERING, MATERIALS
MANAGEMENT AND ADMINISTRATION.
(F) PROVISIONS FOR PERSONNEL - PA - NONE SPECIFIED,
SEPARATE AGREEMENTS SIGNED FOR GROUND HANDLING AND SALES AGENCY
PROVISIONS.
MHT - NO PROVISIONS FOR PERSONNEL IN AGREEMENT. RBFT SERVED AS
SPONSOR OF MHT IN DEALINGS WITH OFFICE FOR SERVICE TO DIPLOMATIC CORPS
(ODCD)
CDC - PERSONNEL PROVISIONS INCLUDED IN MAIN CONTRACT.
(G) ADEQUACY OF CONTRACT PERSONNEL PROVISIONS - PA - NOT
APPLICABLE (NA).
MHT - NA

CDC - "PROVISIONS WERE ADEQUATE BUT NOT ENOUGH EMPHASIS
WAS PLACED ON ENFORCEMENT."

(H) AVAILABILITY OF LOCAL LIAISON PERSON - PA - NONE;
MOST DEALINGS CARRIED OUT THROUGH OFFICE OF PROTOCOL AT AIRPORT.
MHT - BILINGUAL, RBFT PERSONNEL ALWAYS AVAILABLE TO DEAL WITH
ANY PROBLEM.

CDC - SECRETARY/TRANSLATOR PROVIDED FOR BY CONTRACT; AVAILABLE
FOR ANY PROBLEM ON 24-HOUR BASIS.

(I) - ACCOMMODATIONS: PA - NO INITIAL QUARTERS AVAILABLE. DIRECTOR
LIVED IN HOTEL FOR ONE YEAR AFTER WHICH PROVIDED WITH SUITABLE TWO-
BEDROOM, 1 1/2 BATH UNFURNISHED HEATED APARTMENT; CLOSE TO PANAM
OFFICE.

MHT - PERSONNEL STAYED IN HOTEL 6-9 MONTHS (AT COMPANY
EXPENSE) UNTIL ADEQUATE, UNFURNISHED HEATED APARTMENT PROVIDED.
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CDC - FIRST GROUP OF PERSONNEL (STAYED IN HOTEL 3-4 MONTHS
UNTIL PROVIDED WITH SUITABLE UNFURNISHED (MAJOR KITCHEN APPLIANCES
INCLUDED), HEATED APARTMENTS, CLOSE TO PLANT-SITE, WITH REGARD
TO TRANSPORTATION NO PROBLEMS WERE MENTIONED. MOST PERSONNEL HAVE
OWN OR COMPANY AUTO BUT LOCAL PUBLIC TRANSPORTATION (TAXI, BUSES)
THOUGH CROWDED, IS AVAILABLE AND INEXPENSIVE.

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R 071457Z JUL 77

FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 4285
INFO AMEMBASSY BERLIN
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(J) MEALS: IN ALL CASES DURING HOTEL STAY AMCITS FORCED TO EAT IN LOCAL RESTAURANTS WHICH ARE FEW AND GENERALLY OF POOR QUALITY. FOOD OF ADEQUATE QUALITY AND IN SUFFICIENT QUANTITIES NOT ALWAYS AVAILABLE ON LOCAL MARKET, ESPECIALLY IN WINTER. ALL THREE COMPANIES HAVE ACCESS TO DIPLOMATIC STORE WHICH GENERALLY HAS A MINIMUM SELECTION OF GROCERY AND MEAT ITEMS. CDC HAD DIPLOMATIC STORE ACCESS INCLUDED IN CONTRACT; MHT HAD ACCESS THROUGH INITIAL AGREEMENT; PA MANAGER WAITED ONE YEAR TO RECEIVE ACCESS. IN TERMS OF FOOD IMPORTATION ALL THREE IMPORT ABOUT 35 PERCENT OF FOOD NEEDS FROM PETER JUSTESEN AND OSTERMANN-PETERSON, BUT ALL THREE HAVE DIFFERENT PROVISIONS: PA - DUTY FREE IMPORT PRIVILEGES WITH NO ANNUAL LIMIT; HOWEVER EACH IMPORT REQUIRES DIFFERENT SIGNATURES AND DIFFERENT APPLICATIONS.

MHT - NO LIMIT AND NO PROBLEMS.

CDC - CONTRACT SPECIFIES ANNUAL IMPORT OF \$1000 FOOD DUTY FREE AFTER INITIAL SHIPMENT. AMCITS BOUGHT TWO YEARS SUPPLY OF CANNED GOODS IN U.S. PRIOR TO DEPARTURE WHICH SHIPPED AT COMPANY EXPENSE.

(K) SALARY AND PER DIEM: PA - COMPANY PAID ALL HOTEL EXPENSES. LIMITED OFFICIAL USE

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THROUGH 19 PERCENT SALARY DEDUCTION COMPANY PAYS RENT AND UTILITIES. MANAGER IS NON-CONTRACT REGULAR EMPLOYEE OF PANAM PAID IN DOLLARS. PANAM HAS 4 HARD-CURRENCY BANK ACCOUNTS FROM WHICH MANAGER CAN DRAW. NO SPECIAL CHECK CASHING PRIVILEGES PROVIDED OTHER THAN INTERNALLY THROUGH OFFICE FUNDS. COMPANY OWNED CAR PLUS EXPENSES ARE PROVIDED.

MHT - NON-CONTRACT REGULAR EMPLOYEES PAID THROUGH NY HOME OFFICE. HOTEL EXPENSES WERE PAID BUT NO PER DIEM RECEIVED. ALL RENT, UTILITIES AND TRANSPORTATION COSTS BORNE BY EMPLOYEE.

CDC - EMPLOYEES PAID IN DOLLARS JOINTLY BY CONTROL DATA AND ROMANIAN COMPANY. HOUSING COSTS PAID BY CONTROL DATA. EACH EMPLOYEE HAS CAR RENTED BY CONTROL DATA BUT PAID FOR BY EMPLOYEE. SPECIAL HARD CURRENCY ACCOUNT SET UP AT RBFT FOR EMPLOYEES TO DRAW SALARY. CONTROL DATA ALSO HAS TWO OTHER SPECIAL ACCOUNTS FROM WHICH EMPLOYEES CAN DRAW TRAVEL ADVANCES.

(L) MEDICAL AND DENTAL CARE: LOCAL MEDICAL AND DENTAL CARE HAS BEEN DESCRIBED AS "GRIM" OR BARELY ADEQUATE FOR ROUTINE MEDICAL PROBLEMS. PA - ACCESS TO DIPLOMATIC CLINIC. LAST YEAR MANAGER DIAGNOSED AND TREATED AS HAVING HEPATITIS WHEN IN REALITY HAD GALLSTONE PROBLEM; REQUIRED EMBASSY REPRESENTATION TO "FREE" PATIENT FROM HEPATITIS HOSPITAL WARD. LEAVES COUNTRY FOR ALL MEDICAL AND DENTAL PROBLEMS WITHOUT VISA DIFFICULTIES. STANDARD COMPANY MEDICAL INSURANCE PROVIDED. MHT - ACCESS TO DIPLOMATIC CLINIC BUT NOT SATISFIED WITH QUALITY OF CARE. EVACUATED AT COMPANY EXPENSE FOR ALL MEDICAL

PROBLEMS WITHOUT VISA DIFFICULTIES. STANDARD COMPANY BLUE CROSS/
BLUE SHIELD BENEFITS PROVIDED.
CDC - ACCESS TO DIPLOMATIC CLINIC AND COMPANY PAID MEDICAL
EVACUATION TO VIENNA PROVIDED IN CONTRACT. SOME EMPLOYEES HAVE
REQUIRED TREATMENT IN VIENNA. SATISFIED WITH DIPLOMATIC
CLINIC TREATMENT FOR THEIR CHILDREN IN ROUTINE MATTERS
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BUT DO NOT USE LOCAL DENTISTS.
(M) LEISURE: ALL THREE ARE ELIGIBLE TO JOIN DIPLOMATIC
CLUB (TENNIS, POOL, RESTAURANT). PA AND MHT EMPLOYEES MUST
PAY DUES, BUT CDC'S MEMBERSHIPS WERE SPECIFIED AS BENEFITS
BY CONTRACT. BUCHAREST OFFERS SUCH ACTIVITIES AS THEATRE,
BALLET, OPERA AND ICE SKATING AT RELATIVELY LOW COST. ALL THREE
REPORT OPPORTUNITIES FOR SOCIALIZING, WITH LOCALS OUTSIDE
WORK ACTIVITIES.

(N) COMMUNICATIONS AND CUSTOMS:
PA - BUSINESS COMMUNICATIONS MAINTAINED VIA TELEX, TELEPHONE
AND COMAPNAY MAIL SYSTEM. NO PARTICULAR CUSTOMS PROBLEMS.
MHT - COMMUNICATES VIA PHONE, TELEX AND INTERNATIONAL MAIL.
EXPERIENCED MANY PROBLEMS WITH INTERNATIONAL MAIL SUCH AS THEFT,
DELAY AND NON-DELIVERY. NO CUSTOMS PROBLEMS.
CDC - COMMUNICATES VIA PHONE, OWN TELEX, PZXSONAL TRAVEL
AND FRANKFURT TRUCKING FIRM. HAVE FOUND INTERNATIONAL MAIL
UNRELIABLE AND SUBJECT TO SURVEILLANCE. NO CUSTOMS PROBLEMS
EXPERIENCED AND DUTY FREE IMPORT OF PERSONAL GOODS PROVIDED.
(O) R AND 4: PA - DUE TO STANDARD EMPLOYEE BENEFIT OF
STANDBY FREE TRAVEL, R AND R IS NO PROBLEMDG MANAGER LEAVES
AT LEAST TWICE PER MONTH. NO VISA PROBLEMS.
MHT - INFORMAL COMPANY ARRANGEMENT TO TAKE R AND R
OF 3 TO 4 DAYS IN
CONNECTION WITH BUSINESS TRIP. NO VISA
PROBLEMS.
CDC - CONTRACT PROVIDES FOR EMPLOYEE AND FAMILY
TO TAKE R AND R EVERY THREE MONTHS ANYWHERE IN WESTERN
EUROPE, ALL EXPENSES PAID. NO VISA PROBLEMS.
(P) WORKING CONDITIONS: PA - OFFICE RENTED IN
INTERCONTINENTAL HOTEL, EXCESSIVE COST AND SPACE INADEQUATE.
OFFICE WORKS STANDARD US HOURS. SHORTAGE OF FACILITIES IN
ALL AREAS, HENCE MUCH TIME LOST ON RESOLVING MINOR PROBLEMS.
LOCAL EMPLOYEES SOLICITED THROUGH WORD OF MOUTH AND OFFICE
OF SERVICES TO THE DIPLOMATIC CORPS. MOST LOCAL ROMANIAN
EMPLOYEES REQUIRED EXTENSIVE TECHNICAL TRAINING, BUT THERE
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WERE NO LANGUAGE PROBLEMS SINCE ALL SPOKE ENGLISH. MUCH
FRUSTRATION EXPERIENCED THROUGH FREQUENT ARBITRARY CHANGES
IN OPERATING RULES AND REGULATIONS WITHOUT PRIOR CONSULTATION.
MHT - WORKING CONDITIONS ARE STAISFACTORY BUT SET-UP
STAGE WAS DIFFICULT. PROBLEMS EXPERIENCED IN LOCATING AND
RENOVATING SUITABLE OFFICE SPACE. SOME BUILDING MATERIALS
BROUGHT IN FROM OUTSIDE ROMANIA. LOCAL EMPLOYEES WHO SPEAK
ENGLISH READILY AVAILABLE BUT ALL REQUIRE EXTENSIVE TRAINING.
CDC - PHYSICAL WORKING CONDITIONS ACCEPTABLE BUT DRAWBACK
IS THAT AMCITS WORK ROMANIAN WORK WEEK, I.E. SATURDAY INCLUDED.
EACH AMCIT HAS DIRECT SUPERVISION OF TWENTY ROMANIAN EMPLOYEES.
EACH ALSO PROVIDED WITH FULL-TIME SECRETARY/TRANSLATOR. ALL
EMPLOYEES ARE TECHNICALLY COMPETENT, FOLLOW ORDERS, BUT SHOW
VERY LITTLE INITIATIVE.

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ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 /020 W
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R 071457Z JUL 77
FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 4286
INFO AMEMBASSY BERLIN
AMEMBASSY BUDAPEST
LAMEMBASSY MOSCOW 3372
AMEMBASSY SOFIA
AMEMBASSY VIENNA
AMEBASSY WARSAW

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(Q) TRAVEL: NO TRAVEL RESTRICTIONS IMPOSED
LOCALLY OR WITHIN COUNTRY. PA AND CDC PERSONNEL PROVIDED
ACCESS TO JOB RELATED FACILITIES NORMALLY CLOSED FOR FOREIGNERS.
(R) OTHER: PA - COMPANY IS SELF-INSURED. EMPLOYEE
CARRIES NO INSURANCE. NEITHER EMPLOYEE NOR COMPANY PAYS LOCAL
TAXES.
MHT - COMPANY INSURES COMPANY GOODS. EMPLOYEES HAVE
NO PERSONAL INSURANCE THROJEH COMPANY. SPECIAL LOCAL TAXES
PAID BY COMPANY FOR OPERATION AND EMPLOYEE SALARIES.
CDC - NOT AWARE OF JOINT VENTURE INSURANCE. EMPLOYEES
HAVE PERSONAL INSURANCE THROUGH CLEMENTS AND CO. CDC PAYS

EMPLOYEE LOCAL TAXES AND US-TAX OBLIGATIONS.

(S) DEPENDENTS: PA - MANAGER HAS NO DEPENDENTS. DEPENDENTS
ACCOMPANIED MAINTENANCE MANAGER HERE FOR ONE YEAR TOUR. HOTEL
LIVING DIFFICULT.

MHT - ALL DEPENDENTS ACCOMPANIED AMCIT PERSONNEL. LIVING
DIFFICULT BUT BEARABLE.

CDC - ALL DEPENDENTS ACCOMPANIED AMCIT PERSONNEL AND
TRANSITION MADE EASIER BY PROVISION OF ADVANCE TRIP. CHILDREN
ENROLLED IN AMERICAN SCHOOL. WIVES BUSY WITH NORMAL HOUSEHOLD
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CHORES.

(T) RECOMMENDATIONS: COMMENTS FROM ALL AMCITS SEEMED
TO FOCUS ON FOLLOWING POINTS:

- (1) ADVANCE TRIP IS NECESSARY SO YOU KNOW WHAT TO
EXPECT.
 - (2) ALL CONCEIVABLE PROBLEMS RELATED TO ON-SITE
PERSONNEL SHOULD BE COVERED BY WRITTEN AGREEMENT WITH
UNDERSTANDING THAT LESS THAN TOTAL COMPLIANCE UNACCEPTABLE.
 - (3) PERMANENT SUITABLE HOUSING MUST BE AVAILABLE
UPON ARRIVAL.
 - (4) TWO YEAR TOUR IS MAXIMUM DESIRABLE FOR EMPLOYEE
AND DEPENDENTS.
- VIETS

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Message Attributes

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